

Comments from Member of the National Association of Realtors

- **What types of entities do or do not report information to CRAs?**

Commercial lenders, many utility companies, small rural businesses, and banks do not report to credit bureaus. The cost to furnishers reporting can be costly. The large percentage of furnishers report only every two-three months to keep fees at a minimum. This also slows the reporting process down, whether correcting erroneous information or adding needed credit history to a limited credit file.

- **What percentage of disputes or complaints come through a CRA, directly from consumers or from other sources?**

Kroll Factual Data, one of the largest credit information providers, will investigate all disputes and then forward to the three repositories. Not all CRAs forward their findings to the repositories, even though they may correct their own files.

- **Do furnishers provide addresses for consumers to use to dispute information directly with furnishers?**

Many furnishers do not. Kroll Factual Data provides not only addresses, but also phone numbers. This is extremely beneficial, especially for tenants who tend to move more often and often lose records/receipts.

- **What are the procedures and timelines furnishers use for handling and investigating disputes and complaints from consumers?**

Transunion will respond to a formal dispute and complete an investigation within 30 days. This is not necessarily true of the other two repositories. The Privacy Act that took effect March, 2004, has slowed the process enormously. No longer can a credit counselor (with the consumer) call a creditor to verify or dispute information. All communications must be in writing.

- **Do consumers and CRAs provide sufficient information to furnishers or is information often missing? How are disputes resolved if relevant information is missing?**

CRAs often have missing information. Businesses that are no longer in business or have been sold to another entity cannot be located. Although the burden of proof is on the furnisher to prove the debt, it is often difficult to get those accounts removed from a consumer's credit file.

- **What are consumers' experiences in resolving disputes?**

It is a time consuming effort. Many consumers still have never seen their credit report, and don't know how to read one, don't understand the ramifications of low credit scores or how to raise their scores. They have lost receipts, moved to different states and not filed mail forwarding addresses, married and changed their names, divorced and believe that the divorce decree dividing debts and assets took care of some of their credit obligations. Sometimes closed accounts of married couples, now divorced, are reopened by an ex-spouse.

• **How do CRAs provide furnishers with notices and relevant information when disputes are communicated directly to the CRAs?** *Some CRAs do not handle disputes for the consumer but require the consumer to contact the furnisher and supply proof of error to the CRA and the repositories.*

• **What guidelines or procedures apply to information that continues to be disputed after the conclusion of the formal dispute process?** *Kroll Factual Data and the repositories will place a statement in the consumer's file that the account is in dispute.*

• **Do the answers to the questions vary based on industry, size of entity, type of credit or any other characteristics?** *Yes, the insurance industry maintains a separate scoring system for that is difficult to access, yet has a huge impact on the rate charged for homeowner's, car and commercial insurance or denial.*

• **What legislative or regulatory changes are recommended? What benefits or burdens should be considered?**

1. *Collection agencies buy collection accounts from one another to keep the 7 year clock running. Sometimes they sell the same account back and forth two or three times, each time adding the amount paid to the prior holder to the balance. The original and subsequent collections (from the same account) all show on the consumer's credit file, often rising to three times the original amount. Thus one collection now shows as three or four collections of varying amounts, showing a substantial Past due from only one initial collection. The start date for a collection, regardless of how many times it is sold, should be the initial date the collection was first entered into the credit file. Prior accounts for the same collection should be removed from the consumer's file.*

2. *Medical collections that are being paid in monthly installments should all state "was in collection, now paying".*